

CHAPTER NO. 804

SENATE BILL NO. 3086

By Leatherwood, Rochelle

Substituted for: House Bill No. 3255

By Ulysses Jones, Cooper, Brown, Armstrong, Towns, Brooks

AN ACT To amend Tennessee Code Annotated, Section 48-101-312, to allow Health, Education and Housing Facility Corporations to negotiate and enter into agreements for payments in lieu of taxes ("PILOT").

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 48-101-312, is amended by designating the existing text as subsection (a) and adding the following new subsections as follows:

(b)(1) The municipality may delegate to a corporation the authority to negotiate and enter into with a corporation's lessees, payments in lieu of ad valorem taxes; provided such authorization shall be granted only upon a finding that such payments are deemed to be in furtherance of the corporation's public purposes as defined in this subsection. The legislative body of the municipality making such delegation may, in its sole discretion, require the corporation to submit any such agreement to the legislative body for its approval.

(2) If the project is located within the corporate limits of a municipality, the payments shall be apportioned between the municipality and the county in the same manner as ad valorem taxes are apportioned on the date of execution of the agreement for payments in lieu of taxes.

(3) The trustee shall bill and collect all in lieu of tax payments based on the agreement and the apportioned taxes.

(c) An agreement for payment in lieu of taxes shall contain such terms and conditions as the corporation may determine, which may include but shall not be limited to, provisions to:

(1) Defer and/or subordinate payment of all or a portion of the payment in lieu of taxes to such future time as the corporation may determine;

(2) Require interest to accrue on such deferred amount;

(3) Require that payments in lieu of taxes, including any interest, expenses or costs of collection of same, shall be secured by a deed of trust upon the project; or


(4) Provide that such deed of trust may be subordinate to other liens or indebtedness of the project.

(d) Before October 1 of each year, the corporation shall submit to the State Board of Equalization an annual report containing a list of all the real and

personal property owned by the corporation and its associated entities and subsidiaries; the value of each listed property as shall be determined by the assessor of property; the date and term of the lease for each listed property; the amount of payments made in lieu of property taxes for each listed property, the date each listed property is scheduled to return to the regular tax rolls, and a calculation of the taxes which would have been due for each listed property if the properties were privately owned or otherwise subject to taxation.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to the 1998 tax year.


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

PASSED: April 9, 1998

APPROVED this 23rd day of April 1998


DON LINDQUIST, GOVERNOR